EXCEPTIONS

Court S. Rich - AZ Bar No. 021290
Eric A. Hill - AZ Bar No. 029890
Rose Law Group pc
7144 E. Stetson Drive, Suite 300
Scottsdale. Arizona 85251
Bus: (480) 505-3937
crich@roselawgroup.com
ehill@roselawgroup.com
Attorneys for Solar Energy Industries Association and Arizona Solar Energy Industries Association

BEFORE THE ARIZONA CORPORATION COMMISSION

LEA MÁRQUEZ PETERSON CHAIRWOMAN	JUSTIN OLSON COMMISSIONER	SANDRA KENNEDY COMMISSIONER
JIM O'CONNOR COMMISSIONER	ANNA TOVAR COMMISSIONER	

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN.	**DOCKET NO. E-01345A-19-0236** **SOLAR ENERGY INDUSTRIES ASSOCIATION'S AND ARIZONA SOLAR ENERGY INDUSTRIES ASSOCIATION'S EXCEPTIONS TO RECOMMENDED OPINION AND ORDER**

The Solar Energy Industries Association and the Arizona Solar Energy Industries Association (collectively referred to herein as "SEIA") submit these Exceptions to the Recommended Opinion and Order (the "ROO") issued in the above-captioned matter on August 2, 2021. SEIA is grateful for the administrative law judge's significant efforts in overseeing this matter and in preparing this complicated and detailed ROO. Below SEIA highlights amendments that it is requesting and offers support for several of the ROO's

ACC - Docket Control - Received 9/13/2021 4:15 PM
ACC - Docket Control - Docketed 9/13/2021 4:26 PM

conclusions. In addition to seeking and explaining key amendments, SEIA describes how APS' August 30, 2021, compliance filing fails to comply with the ROO regarding residential rooftop solar sizing and asks the Commission to order APS to fix this discrepancy.

I. Issues Presented

The ROO concludes that APS failed to prove or quantify the costs it alleges distributed generation (DG) customers cause. In fact, the ROO finds that APS inappropriately allocates costs to DG customers that are more than the actual cost to serve DG customers. Nevertheless, despite acknowledging APS failed to properly demonstrate or quantify its claims related to the cost to serve DG customers, the ROO surprisingly recommends APS continue to single out DG customers for negative treatment based on the assumptions of increased costs that the ROO acknowledges are unproven. As a result of this curious and unfair reasoning along with other issues in the ROO, SEIA asks the Commission to make several amendments prior to issuing a final Decision in this matter.

The ROO presents several challenges for the ongoing development of DG and distributed battery storage technologies in APS service territory that the Commission can and should address in its final Decision. These challenges arise primarily from the ROO's treatment of certain residential and commercial rate design elements, but also include DG size restrictions and provisions related to battery storage. SEIA is concerned that if these aspects of the ROO are not addressed, DG and distributed battery storage development – and the Commission's policy objectives relating to each – will be stifled. To avoid this outcome, SEIA provides a summary of critical issues included in the ROO below and attaches proposed amendments that resolve these issues.

A. Residential Rate Design

Four of the ROO's recommendations relating to residential rate design are critical for customers with DG and three of these require amendments while one issue requires APS to follow the ROO and revise its recent compliance filing. These issues include the continued application of the Grid Access Charge ("GAC"), the prohibition on DG customers' use of a demand limiter, the denial of a fair fixed timeframe for the Resource Comparison Proxy ("RCP") rate, and ordering APS to comply with the ROO's findings related to DG system sizing limitations.

1. The Evidence Demonstrates the Grid Access Charge Must be Eliminated.

"*[ ] we do not have sufficient information in this record to determine the appropriate cost allocations to DG solar customers [ ]*[1]"

"*APS's COSS allocates to DG solar customers costs that appear to be in excess of the costs actually incurred to serve those customers*[2]"

"*At this time, we do not know the true extra cost to serve DG solar customers, as compared to non-solar customers [ ]*[3]"

"*[W]e believe that APS has not yet made sufficient efforts to quantify [increased costs to serve DG customers] and needs to quantify those costs so that the issue can be examined more thoroughly in APS's next rate case and resolved*.[4]"

APS was given the chance to prove and to quantify allegations it has been making for more than a decade about the alleged costs of serving DG customers. Despite a decade of allegations and claims, the ROO concludes—as the above quotes demonstrate—that APS altogether failed to make its case. As a result of this complete lack of evidence, and as described below, it is time to remove the now-clearly-unjustified GAC.

[1] ROO at 254:11-12.
[2] Id. at 253:25-254:1.
[3] Id. at 356:21-22.
[4] Id. at 254:8-10.

The GAC originally was adopted in Decision 74202 without an evidentiary hearing.[5] Decision 74202 included an acknowledgement that, "in the next rate case, the 70 cent per kilowatt charge may be increased, decreased, left as is, ***or eliminated***."[6] In addition, in that Decision the Commission acknowledged the alleged cost shift on which the GAC was based, could be ***eliminated*** if there were "significant changes to APS's rate design."[7]

The Commission implemented "significant changes to APS's rate design" in the last rate case settlement and these modifications render moot old arguments in favor of the GAC. The evidence today conclusively demonstrates that DG customers ***have not been shown to cause any unique problems or costs*** and, as a result, the GAC is unjustified. In fact, the evidence proves the Commission's previous actions have fixed old inequities and that DG customers now recover a higher percent of their average cost to serve ***than the entire R-Basic rate class*** and its over 420,000 customers. It is unfair and discriminatory to single out DG customers to be charged nearly $100 a year via the GAC while roughly half of APS' customers recover even less of their cost to serve and have no such charges.

The Commission's earlier policy changes including the elimination of retail rate net metering and implementation of the requirement for DG customers to take service on the TOU rate has dramatically increased cost recovery from solar customers. In fact, an APS expert witness testified that when the GAC was initially created, grandfathered legacy solar customers on the two-part non-TOU rate recovered just 32.1% of their cost of service.[8] However, that same witness conceded that today new solar customers taking service under the R-TOU rate without full retail rate net metering are now recovering 82.1% of their cost of service—***an increase of 156% since these changes were made***.[9]

The following table includes data that APS itself has entered into the record and demonstrates unequivocally that cost recovery from solar customers on the TOU rate is

---

[5] *See* Lucas, Tr. Vol. XVIII, 3848:1, 17-21.
[6] Decision 74202 at 29:27-28 (emphasis added).
[7] *Id*. at para 49:6-7. Note, the GAC was increased to its current rate of $0.93/kW as part of the settlement of the last APS rate case and the amount of the GAC was not contested or subject to an evidentiary inquiry in that proceeding.
[8] *See* Hobbick Rejoinder, APS Ex. 27 at 11:2-6 (Figure 2).
[9] *See Id*.

greater than the cost recovery APS receives from its non-solar customers on the R-Basic set of rates.

Rate	Percent of Cost of Service[10]	Number of Customers[11]
Solar R-TOU	**82.1**	12,506
R-Basic (0-600 kW)	83.4	270,772
R-Basic (601-999 kW)	78.2	115,654
R-Basic (1,000 kW and up)	83.5	36,703
R-Basic Total (for all sizes)[12]	**81.9**	423,129

Importantly, APS' witness clarified that the solar customers' 82.1% recovery is ***exclusive of the GAC***, meaning that if the GAC were eliminated, the recovery number would remain at 82.1%.[13]

Clearly, times have changed and the earlier justifications for the GAC are no longer relevant.

As a result, it is unfair and discriminatory to continue to charge DG customers a fee that was implemented under entirely different circumstances. Moreover, it is discriminatory to single out a small subgroup of residential customers with DG for a fee when that subgroup is recovering a greater percentage of its cost of service than roughly half of the utility's residential customers. This position is further supported by the fact that APS was unable to prove any particular costs that DG customers cause. If like customers cause like costs, it simply cannot be fair to charge one group of customers a one-off fee while leaving the other, much bigger, group with no such charge.

In fact, this treatment is an example of prohibited discriminatory ratemaking. Article 15, Section 12 of the Arizona Constitution states that "[a]ll charges made for service rendered, or to be rendered, by public service corporations . . . shall be just and reasonable, and no discrimination in charges . . . shall be made between persons . . . for rendering a like and contemporaneous service…." Similarly, A.R.S. § 40-334(B) prohibits APS from establishing or maintaining "any unreasonable difference as to rates, charges, service,

[10] *See* Hobbick Rejoinder, APS Ex. 27 at Table 2 11:1-11.
[11] *See*, Hobbick, Tr. Volume X, 2176:24-2177:9.
[12] Derived from averaging the 3 R-Basic categories.
[13] *See*, Hobbick, Tr. Volume X, 2174:18-25, 2175:13-18.

facilities or in any other respect, either between localities or between classes of service" and APS may not "as to rates, charges, service, facilities, or in any other respect, make or grant any preference or advantage to any person or subject any person to any prejudice or disadvantage."[14]

In *Town of Wickenburg*, the Arizona Supreme Court explained how a public service corporation "can avoid acting in a discriminatory manner: 'The charges must be equal to all for the same service under like circumstances. A public service corporation is impressed with the obligation of furnishing its service to each patron at the same price it makes to every other patron for the same or substantially the same or similar service.'"[15]

In the present case, the GAC is only levied against customers with rooftop solar based on the fiction that the solar owners do not cover their cost of service in a manner consistent with other residential customers. In fact, DG customers on the TOU recover ***more*** of their cost of service than the R-Basic class. Clearly, it is an "unreasonable difference as to charges" to continue to charge residential customers that happen to have solar a fee of over $100 annually when half-a-million other residential customers that do not have solar are not charged that same fee.

A simple thought experiment highlights the absurdity of continuing the GAC despite uncontested evidence that DG customers recover more than nearly half of APS' residential class. Imagine APS approached the Commission today, for the first time, arguing that the GAC should be implemented. Then imagine after the evidentiary hearing the judge found—as she did here—that, "APS has not yet made sufficient efforts to quantify [increased costs to serve DG customers] and needs to quantify those costs so that the issue can be examined more thoroughly in APS's next rate case and resolved,[16]" and that "[a]t this time, we do not know the true extra cost to serve DG solar customers, as compared to non-solar customers [ ][17]" Of course the Commission would not single out a small group

---

[14] A.R.S. § 40-334(A).

[15] *Woodward v. Arizona Corp. Comm'n*, No. 1 CA-CC 17-0003, 2018 WL 6498615, at *4 (Ariz. Ct. App. Dec. 11, 2018) (quoting *Town of Wickenburg v. Sabin*, 68 Ariz. 75, 77 (1948)).

[16] ROO at 254:8-10.

[17] *Id.* 356:21-22.

of ratepayers and hit them with substantial fees if: 1) that group was shown to recover more than half the other customers; and 2) the utility asking for the fee failed to prove or even quantify any of the costs for which the fee is supposed to recover.

It should not be lost on the Commission that APS has been making allegations about increased costs to serve DG customers for more than a decade but, according to the ROO, "has not yet made sufficient efforts to quantify" those costs. APS altogether failed to prove that DG customers cause specific costs. Furthermore, perhaps signaling it understands that facts no longer warrant the GAC, APS did not even discuss or offer a defense of the GAC in its briefing. The GAC is unjustified, unneeded, and the time has come to eliminate it. The attached language can be used to amend the ROO and eliminate the GAC.

2. Demand Limiter Should be Available to DG Customers.

APS' residential customers on complicated demand rates are protected by a demand limiter. The limiter is an effective customer protection tool because it mitigates the impact of the demand charge.[18] Yet this helpful mechanism only protects non-DG customers, while DG customers on the same rate plans are prohibited from utilizing this safeguard. SEIA has asked the Commission to extend this protection to DG customers and the ROO urges the Commission to deny this request.[19]

The ROO finds that DG customers should not be permitted to avail themselves of the demand limiter because, according to the ROO, the limiter "would be used much more regularly by DG solar customers on demand rates [ ]."[20] At the same time the ROO recommends that non-DG customers be limited to using the demand limiter just three times during a calendar year.[21] SEIA submits that the right outcome here is to permit all customers to have access to this protection but to hold DG customers to the same limits as non-DG customer. SEIA is supportive of an amendment to the ROO that limits access to the demand limiter for DG and non-DG customers to an equal number of times per year.

---

[18] Lucas Direct Test., SEIA Ex. 1 at 83:23-24.
[19] ROO at 357:14-15.
[20] *Id.* at 357:17.
[21] *See id.* at 357:21-23.

This would resolve the ROO's concerns and result in a fair outcome. SEIA offers language for an amendment to adopt this change in the attachment.

3. Resource Comparison Proxy Should be Fixed for at Least 18 Years.

The ROO retains the current 10-year lock in timeframe for the RCP rate.[22] As a result, the ROO continues the fundamentally unfair policy that the 10-year timeframe represents. Instead of providing residential DG customers with the same long-term revenue certainty afforded to utilities or utility-scale generators for their own solar projects, DG customers are only given revenue certainty for a single 10-year period. As SEIA detailed in its post-hearing brief, when utilities invest in solar generation – which just like DG, has a multi-decade lifespan – they are permitted to recover their costs often over a 30–50-year period.[23] That 30–50-year time horizon gives utilities the long-term certainty necessary to support their solar investment. Conversely, the RCP offers only 10-years of export rate certainty before the customer is subject to an unknowable future rate.[24] As such, the evidence in this proceeding supports extending the locked in period of the RCP from its 10 years to 18 years – the same minimum length of time that the Commission just ordered for utility-scale PURPA solar contracts.[25] SEIA proposes language for an amendment that would solve this inequity.

4. DG System Size Restrictions Must Comply with Commission Rules.

The ROO properly requires APS to update the DG system size restrictions included in its Resource Comparison Proxy ("RCP") Plan of Administration to follow the provisions of the Interconnection Rules. APS' August 30th compliance filing ***does not comply with the ROO's direction on this point***. The ROO considered APS' size limitations and found, "[ ] it would be a violation of the Interconnection Rules for APS to disapprove interconnection of a generating facility based on its RCP sizing restrictions as opposed to the sizing restriction in the Interconnection Rules.[26]" the ROO goes on to find, "[w]e will

---

[22] ROO at 357:24-26.
[23] SEIA Ex. 1 at 81:24-82:1.
[24] *See Id.* at 81:10-13.
[25] Decision No. 77512 at 31:4-5.
[26] ROO at 385:15-17.

require APS to update its RCP POA to include the "Maximum Capacity" restriction from the Interconnection Rules rather than its current size restrictions.[27]"

Despite this clear direction, APS responded via its August 30, 2021, compliance filing with a proposed RCP Plan of Administration that continues to include a variation of the already-rejected sizing chart that does not comply with the Interconnection Rules. For example, APS proposes to continue to limit sizing based on "service entrance section (amps)" yet nothing in the Interconnection Rules gives APS this ability. Instead, the RCP Plan of Administration should be modified so that APS clearly indicates that sizing restrictions will be based on the provisions of the Interconnection Rules referencing Section R14-2-2617 for Level 1 Super Fast Track applications, R14-2-2618 for Level 2 Fast Track applications, and R14-2-2619 for Level 3 Study Track applications. Nowhere in the Rules does it permit APS to create the limitations it is attempting to import into the Rules and the ROO has already rejected this approach.

This item does not require an amendment to the ROO but requires direction to APS to follow the provisions of the ROO as written.

B. Commercial Rate Design

The ROO includes three important provisions relating to commercial customers with DG systems. These include the E-32 L demand ratchet mechanism, size restrictions relating to DG systems for commercial customers, and revisions to the E-32 L Storage Pilot rate. SEIA's position with respect to each of these items is described below.

1. The E-32 L Demand Ratchet Must be Modified.

The ROO retains the improperly designed demand ratchet component of APS' E-32 L commercial tariff and does so based on a key mistake that should be corrected.[28] Evidence presented in this proceeding made clear that the ratchet is poorly designed and should be altered because the ratchet is based on customer ***non-coincident peak*** demand and includes generation and transmission infrastructure costs which simply are not driven by an individual customer's non-coincident peaks demand. Nevertheless, the ROO

[27] Id. at 385:20-21.
[28] *Id*. at 374:18-19.

mistakenly describes the ratchet as follows, "[t]he demand ratchet in E-32 L is designed to ensure that large commercial customers, who can have a large impact on system load due to their size, are billed for demand based on the demand they represent at the most critical period of the year, when demand and reliability really matter." [29]

The ROO's key conclusion, that demand is billed under the ratchet for demand "***at the most critical period of the year,***" is wrong. As Mr. Lucas testified, "the demand ratchet is based on the individual customer ***non-coincident*** peak demand, which may or may not coincide with the system peak hours.[30]" The E-32 L Rate Schedule confirms this fact where it says, demand is billed based on, "[t]the average kW supplied during the 15-minute period of maximum use during the month [ ]." Note that there is no provision requiring the ratchet to be set during peak times or "at the most critical time period of the year" as the ROO mistaken concludes.

In fact, the ROO's mistake on this critical fact underscores the exact problem with the ratchet that SEIA identified; that it punishes the customer for costs that the customer does not cause to the system. In fact, it is undisputed that individual users' off-peak demand usage does not drive transmission and generation costs. There is no rationale for including transmission and generation costs in a non-coincident demand charge.

SEIA witness, Mr. Lucas, described the problems with the demand ratchet recovering for system-wide transmission and generation costs:

> "This is problematic because, even if there is less load diversity on the distribution assets serving the individual customer, the generation and transmission infrastructure benefits from the load diversity of the entire customer base. Further, the demand ratchet is based on the individual customer non-coincident peak demand, which may or may not coincide with the system peak hours. If a customer happens to set their peak at 10AM on a Saturday, this demand level has nothing to do with their contribution to generation and transmission demand costs which are driven by loads in summer afternoons. Simply put, there is no basis for applying a non-coincident peak demand ratchet to non-distribution billing components."[31]

[29] *Id*. at 374:19-22 (emphasis added).
[30] Lucas Direct, SEIA Ex.1 at 13:16-24.
[31] *Id*. at 113:16-24.

As a result, the ROO should be amended so that, at the very least, it does not charge customers for transmission and generation demand during times of non-coincident peak. If the ratchet is going to continue to be utilized, the transmission and generation elements of the non-coincident ratchet should be stripped out as a single customer's non-coincident usage simply cannot drive transmission and generation costs for the utility. The attached amendment implements this solution.

2. Commercial DG System Size Restrictions Should Be Consistent with TEP.

The ROO requires that APS revise the DG system size requirements in its RCP POA to reflect the Commission's Interconnection Rules.[32] SEIA proposed similar revisions to the system size requirements for non-residential systems – specifically, SEIA recommended that the Commission adopt the same non-residential sizing standard used by Tucson Electric Power ("TEP").[33] This is the appropriate sizing standard for the Commission to adopt because it reflects current sizing rules and enables consistency between APS and TEP service territories. In addition, the ROO states that this standard was omitted because SEIA did not specify where the TEP language should be included.[34] In fact, there appears to be no substantive objection to the use of this the TEP standard from other parties and the Commission certainly has the authority to order this in this case. SEIA suggests that APS be required to include this language in its Interconnection Manual that is currently under commission review in Docket No. E-01345A-20-0152. The specific TEP language and its recommended placement are included as a proposed amendment to the ROO below.

3. The E-32 L SP Battery Storage Pilot Rate Requires Revision.

The current E-32 L SP rate is significantly flawed. As SEIA pointed out in its brief, the E-32 L SP rate is higher than comparable commercial rates, so customers that switch to this plan must be able to offset even more of their bill with solar and storage than they

[32] ROO at 385:20-21; 438:2-3.
[33] SEIA Brief at 12:14-26.
[34] ROO at 385:23-25.

would otherwise in order to realize any savings.[35] The ROO directs SEIA, APS, and other stakeholders to work together and analyze seven issues that may be contributing to the rate's defect.[36] In addition, the docket would be held up for 12 months to allow time for APS to submit a new storage rate proposal and APS would be required to file monthly updates on that proposal's progress.[37] SEIA supports this recommendation and will commit to working with APS to ensure the revised rate is successful.

II. Proposed Amendments

SEIA's recommended revisions to the ROO regarding each of these items are detailed below.

//

[35] SEIA Brief at 18:1-5.
[36] ROO at 375:21-376:15.
[37] ROO at 376:16-25.

SEIA Proposed Amendment No. 1

Eliminating the Grid Access Charge from APS's Proposed Residential Solar Time-of-Use Rate (R-Solar TOU)

Purpose:

This amendment eliminates the grid access charge because the ROO concludes that Arizona Public Service Company's (APS) did not introduce evidence to quantify any of the costs it alleges solar customers cause. This amendment recognizes that the Commission should not levy specific and substantial charges on ratepayers without ample evidence to support such charges.

Proposed Amendment Language:

DELETE page 356, lines 21–26, and page 357, lines 1–13, and **INSERT**: "At this time, the record shows that APS's COSS over allocates costs to DG solar customers, but it does not contain any evidence of specific costs imposed by DG solar customers on APS's system, nor has APS attempted to quantify such costs. Under APS's proposed residential tariffs, DG solar customers on R-TOU are the only residential customers who must pay a grid access charge, and the record lacks evidence to justify this different treatment. The only evidence in the record, including APS's COSS, shows that DG solar customers on R-TOU generally cover within the range of other residential customers without including revenue from the GAC.[38] APS claimed at the hearing that the GAC is necessary to avoid a subsidy to DG solar customers. However, because the record contains no evidence of any specific and unique costs that DG solar customers impose on APS's system, we find that APS failed to support that claim. Under state and federal law, a utility may not discriminate against DG solar customers and it must justify any difference in treatment based on accurate data and consistently applied cost allocation principles, including that charges applied to DG customers also apply to non-DG customers with similar load characteristics. Because the record contains no such evidence that might justify treating DG solar customers differently, we reject APS's proposal to charge solar customers on R-TOU a grid access charge, and we direct APS to eliminate the GAC from its R-Solar TOU tariff."

INSERT new Order Paragraph at page 435 after Line 11: "IT IS FURTHER ORDERED that the grid access charge shall be eliminated for all DG solar customers except for any customers currently paying a grid access charge that currently take service on original

---

[38] Although we find that APS's COSS provides only minimal direction, the record shows that APS's COSS overestimates the cost to serve DG solar customers, and there is no countervailing data identifying any unique costs that DG solar customers impose on APS's system. APS's COSS shows that solar customers recover similar percentages of their costs as non-solar customers, and it does not show a subsidy to solar customers.

vintage rates, namely E-12 Solar Legacy, ET-1 Solar Legacy, ET-2 Solar Legacy, ECT-2 Solar Legacy, and ECT-1R Solar Legacy."

SEIA Proposed Amendment No. 2

Making the Demand Limiter Available to DG Customers

Purpose:

Purpose: This amendment permits DG customers the same protections as other customers with regard to the demand limiter. Demand charges can result in unfair price spikes for all kinds of customers including those with DG. To the extent there were concerns that DG customers would utilize the demand limiter too often, it makes sense to simply limit the number of times a DG customer can use the limiter rather than prohibiting them from ever getting its protection. This amendment adopts the ROO's recommendation of limiting access to the demand limiter to three times per year, and permits DG customers to utilize the demand limiter that same number of times.

Proposed Amendment Language:

DELETE Page 357, Line 14 through the word "However" in Line 19 and capitalize the "I" in "it."
INSERT at the end of Line 23.
Furthermore, we will also permit DG customers on demand charge rates to utilize the demand limiter up to three times per year.

SEIA Proposed Amendment No. 3

Extending the RCP rate lock to 18-years

Purpose:

Purpose: This amendment would provide DG customers with additional certainty needed to support their renewable energy investment. It would add 8 years to the RCP's lock-in period, which results in an 18-year lock in period that aligns more closely with the certain payback timeframe that utilities have when making their own solar investments. The amendment would accomplish this by directing APS to revise its RCP POA to extend the RCP rate's current 10-year lock in period to 18 years.

Proposed Amendment Language:

DELETE Page 357, Line 24 through Page 358, Line 1.

INSERT at Page 357, Line 24:
"We find that it is unfair that utilities and utility-scale solar developers can receive long-term certainty on their solar cannot. The utilities and utility-scale generators are permitted certain payback periods of more than 18 years and upwards of 20 or even 30 years or more when making investments in renewable generation. It is not unreasonable for residential customers making similar investments to enjoy a fixed period of 18 years which is the length of time we recently ordered as the minimum contract length for contracts under PURPA. As such, we will direct APS to modify its RCP POA to reflect an 18-year lock-in period."

INSERT at Page 438, Line 6:

"IT IS FURTHER ORDERED that APS shall revise its RCP POA to include an 18-year initial lock in of the purchase rate."

SEIA Proposed Amendment No. 4

Modifying the E32 L Demand Ratchet

Purpose:

Purpose: This amendment fixes problems with the E32 L tariff's demand ratchet feature and corrects a mistake in the ROO. As it stands, the E32 L tariff levies a ratcheted non-coincident demand charge for demand incurred at any time of the day or year. This ratcheted demand charge also includes charges for transmission and generation components even though those elements are not driven by a single customer's non-coincident demand. The ROO appeared to find that the current demand ratchet is focused on peak times and bills customers for demand at the "most critical period of the year" when in fact the ratchet is based on non-coincident peak demand. As a result, this amendment directs APS to modify its E32 L tariff such that the non-coincident demand ratchet does not charge customers for transmission and generation components.

Proposed Amendment Language:

DELETE Page 374, Line 18 through Page 375, Line 2 and **INSERT:**

"We find that the current demand ratchet component of the E32 L tariff is poorly designed. It makes little sense to charge a customer for its impacts on transmission and generation at times that are not aligned with the system's peak. Nevertheless, this is exactly what the E32 L tariff does in its current form. While some large customers' non-coincident peak usage could drive distribution costs, non-coincident usage of generation and transmission simply will not drive increased costs for those elements on the system. As a result, we direct APS to revise the demand ratchet element of the E32 L tariff such that customers are not billed for the use of transmission and generation demand at non-coincident peak times.

INSERT at Page 436, Line 20:

"IT IS FURTHER ORDERED that APS will revise the demand ratchet element of its E32 L tariff such that customers are not billed for the use of transmission and generation demand via the demand ratchet."

SEIA Proposed Amendment No. 5

Aligns APS' Commercial DG System Size Restrictions with TEP

Purpose:

Purpose: This amendment aligns APS' commercial DG system sizing requirements with those approved for TEP. These sizing requirements reflect current Commission sizing rules and create consistency between APS and TEP service territories.

Proposed Amendment Language:

DELETE after the number "6." on Page 385, Line 23 through Line 25.

INSERT Page 385, Line 23 after the word "6":

We will also adopt the same non-residential DG sizing requirements for APS as TEP. Accordingly, we will require that APS revise its Interconnection Manual to include the TEP non-residential sizing language, which shall apply specifically to non-residential customers and will provide that no system may exceed 125% of connected load for that meter, where connected load is defined as the maximum demand divided by 0.6.

INSERT Page 438, Line 4:

IT IS FURTHER ORDERED that APS shall revised its Interconnection Manual to adopt the same non-residential DG system sizing requirements as TEP as described herein.

RESPECTFULLY SUBMITTED this 13th day of September, 2021.

ROSE LAW GROUP pc

/s/ Court S. Rich
Court S. Rich
Attorney for SEIA and AriSEIA

Original e-filed on
this 13th day of September, 2021 with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

I hereby certify that I have this day served a copy of the foregoing document on all parties of record in this proceeding by regular or electronic mail to:

Adam Stafford
Western Resource Advocates
stacy@westernresources.org
steve.michel@westernresources.org
autumn.johnson@westernresources.org
adam.stafford@westernresources.org

Albert H. Acken
Dickinson Wright PLLC
aacken@dickinson-wright.com
aacken@jsslaw.com

Armando Nava
The Nava Law Firm PLLC
filings@navalawaz.com

Daniel Pozefsky
RUCO
dpozefsky@azruco.gov
lwoodall@azruco.gov
rdelafuente@azruco.gov
procedural@azruco.gov
mhightower@azruco.gov

David Bender
EarthJustice
dbender@earthjustice.org

Fred Lomayesva
Hopi Tribe
amignella@hopi.nsn.us
flomayesva@hopi.nsn.us

Garry Hays
Law office of Garry Hays PC
ghays@lawgdh.com

Giancarlo Estrada
Kamper Estrada, LLP
gestrada@lawphx.com

Greg Patterson
Munger Chadwick/Competitive Power Alliance
greg@azcpa.org

Gregory M. Adams
greg.bass@calpinesolutions.com
Holly L. Buchanan
AFLOA/JACE-ULFSC
holly.buchanan.1@us.af.mil

Jason Y. Moyes
Moyes Sellers & Hendricks
jjw@krsaline.com
jim@harcuvar.com
jasonmoyes@law-msh.com

Jason R. Mullis
Wood Smith Benning & Berman LLP
jmullis@wshblaw.com
greg@richardsonadams.com
greg.bass@calpinesolutions.com

John B. Coffman
John B. Coffman LLC
john@johncoffman.net

John S. Thornton
john@thorntonfinancial.org

Jonathan Jones
jones.2792@gmail.com

Karen S White
AFIMSC/JAQ
karen.white.13@us.af.mil

Kimberly A. Dutcher
Navaho Nation Dept. of Justice
aquinn@nndoj.org
kdutcher@nndoj.org
todd.kimbrough@hklaw.com

Kurt J. Boehm
Boehm, Kurtz & Lowry
kboehm@bkllawfirm.com
jkylercohn@BKLlawfirm.com

Marta Darby
EarthJustice
mdarby@earthjustice.org

Melissa M. Krueger
Pinnacle West Capital Corporation
thomas.mumaw@pinnaclewest.com
andrew.schroeder@aps.com
rodney.ross@aps.com
theresa.dwyer@pinnaclewest.com
leland.snook@aps.com
melissa.krueger@pinnaclewest.com
ratecase@aps.com

Melissa Parham
Zona Law Group P.C.
melissa@zona.law
attorneys@zona.law
scottb@zona.law

Nicholas J. Enoch
Lubin & Enoch, PC
bruce@lubinandenoch.com
clara@lubinandenoch.com
nick@lubinandenoch.com

Patrick J. Black
Fennemore Craig, P.C.
pblack@fclaw.com
lferrigni@fclaw.com

Richard Gayer
rgayer@cox.net

Robert A Miller
bob.miller@porascw.org
rdjscw@gmail.com

Robin Mitchell
Arizona Corporation Commission
legaldiv@azcc.gov
utildivservicebyemail@azcc.gov

Scott F. Dunbar
Keys & Fox, LLP
sdunbar@keyesfox.com

Scott S. Wakefield
Hienton Curry, P.L.L.C.
swakefield@hclawgroup.com
stephen.chriss@walmart.com

Shelly A. Kaner
8831 W. Athens St.
Peoria AZ 85382

Thomas Harris
Distributed Energy Resource Association (DERA)
thomas.harris@dera-az.org

Todd F. Kimbrough
Balch & Bingham LLP
tkimbrough@balch.com

Timothy M. Hogan
ACLPI
thogan@aclpi.org
janderson@aclpi.org
ezuckerman@swenergy.org
sbatten@aclpi.org
sandy.bahr@sierraclub.org
louisa.eberle@sierraclub.org
rose.monahan@sierraclub.org
brendon@gabelassociates.com
cpotter@swenergy.org
miriam.raffel-smith@sierraclub.org
briana@votesolar.org
czwick@wildfireaz.org

By: /s/ Hopi L. Slaughter